



JOHN CHIANG
California State Controller

July 16, 2012

Dale Marsden, Ed.D., Superintendent
Victor Elementary School District
15579 8th Street
Victorville, CA 92395

Dear Mr. Marsden:

The State Controller's Office (SCO) reviewed the costs claimed by Victor Elementary School District for the legislatively mandated Standardized Testing and Reporting Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 2004, excluding July 1, 2001, through June 30, 2002. Our review was limited to ensuring that the California Department of Education Standardized Testing and Reporting Program apportionment was properly offset.

The district claimed \$541,924 for the mandated program. Our review disclosed that \$424,509 is allowable and \$117,415 is unallowable. The costs are unallowable because the district understated offsetting reimbursements, as described in the attached Summary of Program Costs and Finding and Recommendation.

For the fiscal year (FY) 1997-98 claim, the State paid the district \$71,203. Our review disclosed that \$30,427 is allowable. The State will apply \$40,776 against any balances of unpaid mandated program claims due the district as of October 19, 2010. Alternatively, the district may remit this amount to the State.

For the FY 1998-99 claim, the State paid the district \$43,340. Our review disclosed that \$40,743 is allowable. The State will apply \$2,597 against any balances of unpaid mandated program claims due the district as of October 19, 2010. Alternatively, the district may remit this amount to the State.

For the FY 1999-2000 claim, the State paid the district \$76,403. Our review disclosed that \$67,348 is allowable. The State will apply \$9,055 against any balances of unpaid mandated program claims due the district as of October 19, 2010. Alternatively, the district may remit this amount to the State.

For the FY 2000-01 claim, the State paid the district \$84,924. Our review disclosed that \$73,752 is allowable. The State will apply \$11,172 against any balances of unpaid mandated program claims due the district as of October 19, 2010. Alternatively, the district may remit this amount to the State.

For the FY 2002-03 claim, the State made no payment to the district. Our review disclosed that \$143,377 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2003-04 claim, the State made no payment to the district. Our review disclosed that \$68,862 is allowable. The State will pay that amount, contingent upon available appropriations.

We discussed the review results with Debbie Betts, Director of Fiscal Services, via e-mail on June 20, 2012.

If you disagree with the review finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's website at www.csm.ca.gov/docs/IRCForm.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb

Attachments

RE: S12-MCC-925

cc: Debbie Betts, Director of Fiscal Services
Victor Elementary School District
Jan Gonzales, Assistant Superintendent of Administrative Services
Victor Elementary School District
Gary Thomas, Superintendent of Schools
San Bernardino County Office of Education
Scott Hannan, Director, School Fiscal Services Division
California Department of Education
Carol Bingham, Director, Fiscal Policy Division
California Department of Education
Thomas Todd, Principal Program Budget Analyst
Education Systems Unit, Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

**Attachment 1—
Summary of Program Costs
July 1, 1997, through June 30, 2004,
Excluding July 1, 2001, through June 30, 2002**

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 1997, through June 30, 1998</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 884	\$ 884	\$ —
Test materials, supplies, and equipment	421	421	—
Pre-test and post-test coordination	41,576	41,576	—
Test administration	481	481	—
Reporting and recordkeeping	24,886	24,886	—
Total direct costs	68,248	68,248	—
Indirect costs	2,955	2,955	—
Total direct and indirect costs	71,203	71,203	—
Less offsetting reimbursements	—	(40,776)	(40,776)
Total program costs	<u>\$ 71,203</u>	30,427	<u>\$ (40,776)</u>
Less amount paid by the State ²		(71,203)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (40,776)</u>	
<u>July 1, 1998, through June 30, 1999</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 906	\$ 906	\$ —
Test materials, supplies, and equipment	431	431	—
Pre-test and post-test coordination	42,781	42,781	—
Test administration	492	492	—
Reporting and recordkeeping	25,625	25,625	—
Total direct costs	70,235	70,235	—
Indirect costs	3,041	3,041	—
Total direct and indirect costs	73,276	73,276	—
Less offsetting reimbursements	—	(32,533)	(32,533)
Total program costs	<u>\$ 73,276</u>	40,743	<u>\$ (32,533)</u>
Less amount paid by the State ²		(43,340)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (2,597)</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 1999, through June 30, 2000</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 928	\$ 928	\$ —
Test materials, supplies, and equipment	441	441	—
Pre-test and post-test coordination	44,589	44,589	—
Test administration	504	504	—
Reporting and recordkeeping	26,770	26,770	—
Total direct costs	73,232	73,232	—
Indirect costs	3,171	3,171	—
Total direct and indirect costs	76,403	76,403	—
Less offsetting reimbursements	—	(9,055)	(9,055)
Total program costs	<u>\$ 76,403</u>	67,348	<u>\$ (9,055)</u>
Less amount paid by the State ²		(76,403)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (9,055)</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 951	\$ 951	\$ —
Test materials, supplies, and equipment	452	452	—
Pre-test and post-test coordination	49,476	49,476	—
Test administration	517	517	—
Reporting and recordkeeping	30,004	30,004	—
Total direct costs	81,400	81,400	—
Indirect costs	3,524	3,524	—
Total direct and indirect costs	84,924	84,924	—
Less offsetting reimbursements	—	(11,172)	(11,172)
Total program costs	<u>\$ 84,924</u>	73,752	<u>\$ (11,172)</u>
Less amount paid by the State ²		(84,924)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (11,172)</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 46,613	\$ 46,613	\$ —
Test materials, supplies, and equipment	1,011	1,011	—
Pre-test and post-test coordination	56,114	56,114	—
Test administration	11,236	11,236	—
Reporting and recordkeeping	24,917	24,917	—
Total salaries and benefits	139,891	139,891	—
Contract services:			
Reporting and recordkeeping	9,396	9,396	—
Total contract services	9,396	9,396	—
Total direct costs	149,287	149,287	—
Indirect costs	5,957	5,957	—
Total direct and indirect costs	155,244	155,244	—
Less offsetting reimbursements	—	(11,867)	(11,867)
Total program costs	<u>\$ 155,244</u>	143,377	<u>\$ (11,867)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 143,377</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 6,322	\$ 6,322	\$ —
Test materials, supplies, and equipment	2,328	2,328	—
Pre-test and post-test coordination	31,887	31,887	—
Test administration	10,463	10,463	—
Reporting and recordkeeping	24,851	24,851	—
Total salaries and benefits	75,851	75,851	—
Materials and supplies:			
Training, policies, and procedures	170	170	—
Test materials, supplies, and equipment	2,089	2,089	—
Reporting and recordkeeping	150	150	—
Total materials and supplies	2,409	2,409	—
Total direct costs	78,260	78,260	—
Indirect costs	2,614	2,614	—
Total direct and indirect costs	80,874	80,874	—
Less offsetting reimbursements	—	(12,012)	(12,012)
Total program costs	<u>\$ 80,874</u>	68,862	<u>\$ (12,012)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 68,862</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>Summary: July 1, 1997, through June 30, 2004, excluding July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 56,604	\$ 56,604	\$ —
Test materials, supplies, and equipment	5,084	5,084	—
Pre-test and post-test coordination	266,423	266,423	—
Test administration	23,693	23,693	—
Reporting and recordkeeping	157,053	157,053	—
Total salaries and benefits	508,857	508,857	—
Materials and supplies:			
Training, policies, and procedures	170	170	—
Test materials, supplies, and equipment	2,089	2,089	—
Reporting and recordkeeping	150	150	—
Total materials and supplies	2,409	2,409	—
Contract services:			
Reporting and recordkeeping	9,396	9,396	—
Total contract services	9,396	9,396	—
Total direct costs	520,662	520,662	—
Indirect costs	21,262	21,262	—
Total direct and indirect costs	541,924	541,924	—
Less offsetting reimbursements	—	(117,415)	(117,415)
Total program costs	\$ 541,924	424,509	\$ (117,415)
Less amount paid by the State ²		(275,870)	
Allowable costs claimed in excess of (less than) amount paid		\$ 148,639	

¹ See Attachment 2, Finding and Recommendation.

² Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

**Attachment 2—
Finding and Recommendation
July 1, 1997, through June 30, 2004,
Excluding July 1, 2001, through June 30, 2002**

**FINDING—
Understated offsetting
reimbursement**

The district understated offsetting reimbursements by \$117,415 because it did not report any of Standardized Testing and Reporting Program (STAR) apportionments received from the California Department of Education (CDE) for the review period.

The parameters and guidelines (section VII) state:

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, services fees collected, federal funds and other state funds shall be identified and deducted from the claim.

Education Code section 60640, subdivision (h)(1), specifies that the State Superintendent of Public Instruction shall apportion funds to school districts to enable them to administer the tests within the STAR Program. For the review period, we determined that the district received \$156,176 from the CDE.

We determined the amount that should have been offset by multiplying the total CDE apportionment by the reimbursable mandate percentages based on test results published on the CDE STAR website. The district administered the following STAR tests in the review period: (1) California Standards Tests (CST); (2) Stanford Achievement Test, Ninth Edition (SAT-9); (3) Spanish Assessment of Basic Education, Second Edition (SABE/2); and (4) California Alternate Performance Assessment (CAPA). The CST and CAPA tests are not reimbursable because they were not pled in the test claim that created this mandate.

Based on the CDE's published test results, the reimbursable mandate percentages are as follows: 100% for FY 1997-98, 67.31% for FY 1998-99, 67.36% for FY 1999-2000, 65.02% for FY 2000-01, 66.68% for FY 2002-03, and 64.43% for FY 2003-04.

The following table summarizes the understated offsetting reimbursements for the review period:

	Fiscal Year						Total
	1997-98	1998-99	1999-2000	2000-01	2002-03	2003-04	
STAR Program apportionments:							
CDE apportionment	\$ (40,776)	\$ (48,333)	\$ (13,443)	\$ (17,183)	\$ (17,797)	\$ (18,644)	<u>\$ (156,176)</u>
Mandate-related percentage	× 100%	× 67.31%	× 67.36%	× 65.02%	× 66.68%	× 64.43%	
Mandate-related apportionment	(40,776)	(32,533)	(9,055)	(11,172)	(11,867)	(12,012)	(117,415)
Less offset CDE apportionment	—	—	—	—	—	—	—
Review adjustment	<u>\$ (40,776)</u>	<u>\$ (32,533)</u>	<u>\$ (9,055)</u>	<u>\$ (11,172)</u>	<u>\$ (11,867)</u>	<u>\$ (12,012)</u>	<u>\$ (117,415)</u>

Recommendation

We recommend that the district ensure that all applicable reimbursements are offset against mandated program costs.